

Board of Directors Meeting

Report

Subject: Dynamic Energy Procurement

Date: 31st July 2014

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Executive Summary

The Trusts average cost of energy consumed (electricity and gas) is in the upper median performance quartile compared other similar sized medium acute Trusts when benchmarked using Estates Return Information Collection (ERIC) data. For example SFH 2012/13 price differential compared to neighbouring Doncaster & Bassetlaw Hospitals NHS Foundation Trust was £630K.

Trusts in the lowest quartile of 'average cost per unit of energy consumed' use dynamic energy procurement and capital at risk model. These Trusts include

- Nottingham University Hospitals NHS Trust
- Doncaster & Bassetlaw Hospitals NHS Foundation Trust
- NHS Derbyshire County
- Derby Hospitals NHS Foundation Trust

The capital at risk model typically equates to 10% of the energy budget to allow head room to dynamically purchase energy over a 3 year forward term. The implication of the proposal is that SFH will be required to put £412K capital at risk to operate this dynamic model over three years.

Industry experts in dynamic energy procurement, Schneider Electric, have evaluated SFH performance using the capital and risk model compared to the existing day ahead model and have concluded a saving of £213K if the dynamic model had been used.

Recommendation

The Board of Directors is asked to:

- Approve Energy Procurement model in the attached report as the Trust's procurement method of gas and electricity supplies

Relevant Strategic Objectives (please mark in bold)

Achieve the best patient experience	Achieve financial sustainability
Improve patient safety and provide high quality care	Build successful relationships with external organisations and regulators
Attract, develop and motivate effective teams	

Links to the BAF and Corporate Risk Register	N/A
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Details of additional risks associated with this paper <i>(may include CQC Essential Standards, NHSLA, NHS Constitution)</i>	N/A
Links to NHS Constitution	N/A
Financial Implications/Impact	Deliver CIP from PID 6.2.2 'Energy Purchasing'
Legal Implications/Impact	N/A
Partnership working & Public Engagement Implications/Impact	N/A
Committees/groups where this item has been presented before	Working group comprising Estates & Facilities, Finance and Procurement colleagues
Monitoring and Review	Monthly at Energy risk committee review meetings
Is a QIA required/been completed? If yes provide brief details	N/A